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Phase II tobacco payments restored

By JOHN FRIEDLEIN



A North Carolina Supreme Court ruling on tobacco settlement payments to growers will likely restore millions of dollars to Kentucky's agricultural diversification coffers.

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Subscriber Care The Phase I program has helped Hardin County farmers through projects such as pasture improvement and cattle handling facilities, said Ray Allan Mackey, president of the Hardin County Farm Bureau.

"It's a good thing for Kentucky," he said. "It's a good thing for farmers." Friday's decision reversed a December ruling by a lower court that tobacco companies didn't have to make the final Phase II settlement payment to growers since lawmakers decided to buy out farmers' quotas.

To make up for the loss, the state took \$27 million from the Phase I program, which is meant to help farmers find ways to make money other than growing tobacco.

It also would have taken \$9.2 million a year for the next 20 years from those efforts, said Keith Rogers, executive director of the Governor's Office of Agricultural Policy.

"I'm on cloud nine," he said.

However, he wasn't sure Friday exactly what will happen next. His office needs to further study the decision. He hopes eventually officials will reinvest the money into agriculture.

Gary Huddleston, communications director for the state Farm Bureau, shares the feeling.

"The whole diversification program for Kentucky agriculture can hopefully proceed as it was intended," he said.

Assistant Attorney General Michael Plumley thinks the diversification funds will be replaced.

In Hardin County, beef and goat farmers have especially benefited from Phase I money. Cattle producers, for example, received \$82,900 this year.







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Through the program, they've been able to improve herd genetics and better store grain and hay, said Rineyville farmer Chuck Crutcher.



In addition to bolstering the Phase I program, the ruling may mean tobacco farmers will receive money directly. The state came up about \$10 million short on replacing farmers' last Phase II payments, which would have totaled about \$124 million. Growers may receive some of the difference.



"I think that's possible," Plumley said. "Assuming costs of the original distribution are paid for."



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